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SENSITIVE
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STATE FOR ISN/CB, VCI/CCA, L/NPV, IO/MPR
SECDEF FOR OSD/GSA/CN, CP>
JOINT STAFF FOR DD PMA-A FOR WTC
COMMERCE FOR BIS (BROWN AND DENYER)
NSC FOR LUTES
WINPAC FOR WALTER

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SUBJECT: CWC: WRAP-UP FOR JULY 6-10, 2009

REF: A. THE HAGUE 402
 1B. THE HAGUE 415
 1C. THE HAGUE 411

This is CWC-39-09

SUMMARY

11. (SBU) As will happen during the upcoming Executive Council (EC) session, discussions this week were dominated by the search for a new Director-General (DG). After additional consultations with a number of delegations, including with a small group of western and like-minded states in which he outlined his plans for the process, the EC Chairman hosted an informal meeting of all interested delegations on July 10. That meeting was notable for its civility and constructive ideas as opposed to the previous week's confrontation over the agenda (ref A). An eighth candidate for DG was nominated just before the deadline on July 7, a Major General from Burundi, sparking a lot of corridor speculation.

12. (U) The Director-General launched the draft 2010 Program and Budget on July 10, another zero-nominal-growth budget looking much like the 2009 budget. Japanese facilitator Takayuki Kitagawa held his last facilitation on July 10, on the External Auditor's Report and Financial Statements for 2008, before he hands the facilitator's baton to U.S. Delrep Nik Granger.

13. (SBU) The Japanese delegation raised the question of possible chemical weapons or precursor chemicals recovered under UN Security Council Resolution 1874.

14. (SBU) Delreps met with the Deputy Director-General (DDG) July 10 on issues relating to Iraq (ref B).

15. (U) Reporting on the July 9 Industry Cluster consultations will be sent septel.

RECOVERED CW FROM NORTH KOREA?

¶6. (SBU) Japanese delegate Takayuki Kitagawa has raised the issue of how to deal with recovered CW in light of recent the UN Security Council resolution on North Korea (UNSCR 1874). Japan is concerned what to do with CW or precursors confiscated through implementing that resolution. Kitagawa specifically asked if the Coast Guard should be expected to destroy CW, and if so, how.

¶7. (SBU) DEL COMMENT: In light of the South African ambassador's discussion of "filling the gap" (ref C) in the Convention (CWC) on CW recovered in Iraq by the U.S. and UK before Iraq's accession to the CWC, Del believes the UN Security Council resolution provides a more immediate and useful focus to such a discussion. As Japan asked, if states interdict North Korean shipments of CW (or precursor chemicals), what are their options for destruction and their responsibilities to report such destruction to the OPCW? END COMMENT.

WEOG

¶8. (SBU) On July 7, coordinator Ruth Surkau (Germany) chaired the weekly meeting of the Western European and Others Group (WEOG). Agenda items included preparation for EC-57, report of the EC visit to U.S. CW destruction facilities (CWDFs), preparation for the Industry Cluster on July 9 and an update on new facilitators.

¶9. (SBU) On EC-57 preparations, U.S. Delrep characterized the dynamic at the agenda preparation meeting on July 3 as reminiscent of the Second Review Conference polarization of the Non-aligned Movement (NAM) against WEOG. Delrep appealed for delegations to present national, individual views rather than falling into bloc positions to encourage NAM delegations to follow suit and not blindly echo more vocal, extreme NAM countries. Dutch Ambassador Pieter de Savornin Lohman noted the unharmonious dynamic between EC Chairman Amb. Jorge Lomonaco (Mexico) and South African Ambassador Peter Goosen at the July 3 meeting, and agreed with Delrep on the usefulness of individual/national interventions.

¶10. (SBU) Swedish Ambassador Hans Magnusson reported on a long meeting that his delegation (representing the EU) had with the South African delegation on July 6, saying that Goosen seems to be preparing for the worst-case scenario and wants a clear idea on an open, transparent, democratic process. Goosen sees no problem in borrowing from the IAEA's rules of procedure and also thinks that having an open-ended working group actually will prevent some delegations (e.g., Iran and India) from hijacking the process. Magnusson said that Goosen also raised the issue of U.S. and UK recovered CW in Iraq and the need to discuss how to deal with similar situations in the future. South Africa is also unhappy with the DG's report on tenure policy implementation, which in the past they have asked to be stronger and more informative.

¶11. (SBU) Referring to preparing for a worst-case scenario, French delegate Annie Mari raised the possibility of convening a special EC or CSP meeting if there is no agreement by the December

CSP. German Ambassador Werner Burkart said that he had encouraged Lomonaco not to wait too long to reveal his intentions and ideas on how to proceed after EC-57. Burkart said that people support Lomonaco but want to know where he is leading them. Swiss delegate Martin Strub agreed that Lomonaco would help the current situation and relieve mounting tensions by indicating the next step or two. UK delegate Karen Wolstenholme stated that reaching agreement by EC-58 in October should be a priority, partly to avoid the risk of new candidates parachuting in later.

¶12. (SBU) Moving to the report of the EC visit to Pueblo and Umatilla, Delrep reported that the U.S. had provided input and comments quickly and that Lomonaco was finalizing it before sending to the Technical Secretariat (TS) for distribution. Delrep also noted that the updated schedule projections will be included in the U.S. presentation during the EC-57 destruction informals. De Savornin Lohman described the report as a factual recounting of what the EC representatives learned in the U.S. along with a page of the group's observations.

¶13. (SBU) Italian delegate Giuseppe Cornacchia, facilitator for low concentrations in the Industry Cluster, announced that the TS will present the results of the survey on Schedule 2A/2A* thresholds at the July 9 consultation. Cornacchia also announced his intention to request that the draft decision be formalized by making it a conference room paper in order to have a document to which to refer in the EC agenda rather than doing everything informally. Delrep, along with de Savornin Lohman and Wolstenholme, supported Cornacchia's proposal, noting his difficulty in even being able to speak on the status of his consultations in previous EC sessions due to the lack of any formal EC agenda item or documents on the issue.

LAST-MINUTE CANDIDATE FOR DG

¶14. (SBU) Just before the July 7 deadline for the nominations of candidates, Burundi nominated Major General Evariste Ndayishimiye. The Burundian ambassador, resident in Brussels, was in The Hague on July 7 for a TS briefing on the OPCW's Program for Africa and used the opportunity to deliver Ndayishimiye's nomination letter. Several delegates suggested that South Africa put Burundi up to the nomination or that the nomination may have been organized at the recent African Union summit in an effort to have another African candidate besides Algerian Ambassador Benchaâ Dani. Delreps have heard that a number of African countries were glad to have an alternative to Dani, saving them from having to publicly endorse him, even if they do not plan to support either African candidate in secret balloting. The Sudanese Ambassador had not heard the news at a lunch on July 8; he told Delrep he wished it had been a "serious candidate."

CHAIR'S CONSULTATIONS ON THE DG SEARCH

¶15. (SBU) On July 7, EC Chairman Lomonaco held a meeting with selected western and "like-minded" states, specifically not including those with a candidate for Director-General. The Dutch and Czech Ambassadors attended, as did delegates from Sweden (current EU presidency), Italy, Ireland,

Japan, South Korea, Australia and the U.S. Lomonaco described a meeting he had had with new South African Ambassador Goosen following the rather contentious debate at the EC informals on July 3 (ref A). Goosen had suggested that South Africa wanted to help Mexico with drafting a statement (bilaterally) for the selection procedures that the Chair could issue; Lomonaco refused. Based on Goosen's comments to him, Lomonaco believed that South Africa intends to hold the EC hostage to a decision on the DG procedures. He inquired whether the western and like-minded representatives present would need a consensus report, whether they would object to voting on the report, or whether they could support a Chairman's EC report (as had happened for the CSP in December) or perhaps a partial report adopted by consensus.

¶16. (SBU) Czech Ambassador Mares advised against starting out with procedural votes, a precedent that could haunt the new Chairman. U.S. Delrep noted that the agenda for this EC has very few decisions, but a long list of reports to be noted; she joined the Czech ambassador in advising against early voting. Others agreed that the EC should not continue endlessly if there is not agreement on a set of procedures for the DG search. Lomonaco said Qset of procedures for the DG search. Lomonaco said he intends to close the EC on Friday.

¶17. (SBU) Lomonaco asked the group whether the open meeting the NAM was pushing for would be useful. The group generally agreed that it would be beneficial to allow delegations to vent steam, that such a meeting should be open to all interested parties and limited in time. Lomonaco said he was looking at Friday, July 10, following the introduction of the draft budget. He did not plan to present an agenda but would open the discussion saying he wanted to hear views and ideas on the selection process. He did not want the open meeting to focus on the question and answer portion of the candidates' presentations; the significant differences he had heard on that topic in his consultations might then tie his hands for the session at the EC the next week. Rather, he plans to consult the EC Bureau on Q and A procedures, proposing five questions for each candidate, questions from one state (in a national capacity) from each regional group, and limited time for both questions and answers.

¶18. (SBU) Lomonaco then outlined for the small group his current thinking on the selection process that he will likely codify in a Chairman's statement after the open meeting. He would emphasize the "common ground" of an open transparent process and decision by consensus. He will NOT/NOT include a regional rotation for the DG, sending two or three candidates to the CSP, or anything that is not consistent with the Convention or Rules of Procedure. His projected timeline would allow for a period of evaluation by member states following the presentations of the candidates and for consultations with capitals; after the August break, he would begin consultations on states' preferences, using tools like straw polls and "confessional meetings" to find early and clear trends and allow him to discuss with the candidates or their representatives possible withdrawal from consideration. He would continue in successive cycles, informing states of the progress made. At EC-58, he would try to further reduce the number and identify a consensus candidate. If no consensus emerges, he would look to informal secret ballots to reduce the number or to identify a candidate with two-thirds support. Only after

exhausting all possibilities for consensus would a formal vote be possible.

¶19. (SBU) Lomonaco noted that a statement by the Chairman does not require approval or consensus by the Council, but he had concluded that he needs to "pronounce himself" beyond the general statements he has made to date. He would look to the prospective open meeting for ideas and common elements to include in his statement.

OPEN INFORMAL MEETING ON THE DG SEARCH

¶20. (SBU) EC Chairman Lomonaco opened the meeting July 10 by stating that there seems to be clear agreement on the principles of transparency, openness and fairness, as well as reaching consensus on a candidate by EC-58 in October. He described the differences among delegations as being primarily some favoring a flexible process and others a more regulated one. Lomonaco expressed hope on finding common ground on the process for the weeks and months ahead. Indian delegate Pankaj Sharma introduced the non-paper drafted by "interested parties" (India, Cuba, South Africa, Nigeria, Pakistan, Lebanon, Iran, Malaysia, QAfrica, Nigeria, Pakistan, Lebanon, Iran, Malaysia, Venezuela and China), outlining the paper's main themes: a fair, open and transparent process; the goal of consensus; and a proposed set of procedures for use in case consensus is not achievable.

¶21. (SBU) The tone of the meeting was respectful, E positive and substantive, in stark contrast to the July 3 meeting (ref A), when the DG search was last discussed during the review of the EC-57 Agenda. Notably, South African Ambassador Peter Goosen reversed his previous attacks and was effusive in his compliments to the Chairman and other delegations who participated. Several ambassadors noted the constructive tone of the discussion and welcomed the change in atmosphere.

¶22. (SBU) Nearly every speaker welcomed the new paper, although most had only received it that morning. Delegates generally supported some of the ideas in the paper, particularly its emphasis on consensus and useful tools like straw polls. However, the paper's proposals for voting caused significant debate among delegations. A number of delegations (Ireland, U.S., Sweden, Spain, Netherlands, Japan, Australia, Germany and South Korea) voiced concern over the paragraph (7) in the paper that a recommendation to the Conference of States Parties could be more than one name, and insisted that the EC must recommend one candidate to the CSP for appointment.

¶23. (SBU) Several delegations, led by South Africa, called for additional review/consultations on this draft paper, but suggested different times to do so, both before and after EC-57. Western and Latin American representatives voiced strong support for the Chairman, with several calling for him to announce his intentions for the process (Netherlands, France, Brazil, Japan, Germany, Italy). Australian delegate Mike Byers stated that the process for appointment is to be determined by the Chairperson and not by consensus.

DG UNVEILS DRAFT 2010 BUDGET

¶24. (U) On July 10, the DG presented his draft

budget and program of work for 2010 to delegations and also introduced the budget co-facilitators, Amb. Francisco Aguilar (Costa Rica) and Martin Strub (Switzerland). (DEL NOTE: The draft budget was emailed to ISN/CB and IO/MPR on July 10. END NOTE.) The DG gave an overview of the budget and highlighted that it remains at the same level as the 2009 approved budget (EUR 74.5 million), representing the fifth year of sustained zero-nominal growth, which he described as a "considerable achievement." The DG also noted the reintroduction of sub-programs and the improvement in results based budgeting standards, including more measurable key performance indicators. On a related note, the DG reiterated his intention to circulate the annual performance report at the end of year.

¶25. (U) Other highlights of the budget:

- 50.1% for Chapter 1 (Verification and Inspections) and 49.9 for Chapter 2 (Administration and other programs);
- 0.4% reduction in assessed contributions for 2010;
- fixed-term staffing remains at 523 and temporary staff (TACs) reduced to 13;
- 5.6% increase in International Cooperation and Assistance (the DG noted that ICA's budget has increased 40% from 2003 to 2010);
- slight increases (0.4% each) in Verification and Inspections;
- reductions (1%-2.4%) in all other program areas;
- 210 Article VI inspections (128 OCPF, 29 Schedule 3, 42 Schedule 2 and 11 Schedule 1), with sampling Q3, 42 Schedule 2 and 11 Schedule 1), with sampling and analysis for 10 of the Schedule 2 inspections;
- all four U.S. CWDFs listed as operational for 12 months each;
- three Russian CWDFs (Maradykovsky, Shchuchye and Leonidovka) listed as operational for 12 months each, Pochev for 10 months and Kizner for 6 months;
- Libya's CWDF listed as operational for 10 months
- funding for only one session of the Scientific Advisory Board (SAB).

EXTERNAL AUDITOR'S REPORT

¶26. (U) Departing Japanese delegate Takayuki Kitagawa held his last consultation on July 10 to look at the External Auditor's Report and Audited Financial Statements for 2008 (EC-57/DG.13*). Director of Administration Ron Nelson attended and responded to the few questions raised by delegations. Kitagawa started the meeting by reviewing the relevant portion of the report from the most recent meeting of the Advisory Body on Administrative and Financial Matters (ABAF) dealing with the External Auditor's Report. He then went through the External Auditor's Report section-by-section.

¶27. (U) German delegate Ruth Surkau asked about a discrepancy in two tables in the External Auditor's Report, which the ABAF had highlighted. Nelson responded that neither the TS nor the ABAF had the authority to correct the error but would discuss it with the External Auditor when he presents his report formally to EC-57 on July 16. Kitagawa suggested that the TS could, with the External Auditor's permission, issue a corrigendum with the corrected information. Per guidance, U.S. Delrep asked what the TS has done to prevent abuses of the dependency benefits noted in the report. Nelson responded that the issue had been discussed thoroughly with ABAF and that the TS has tightened procedures so that all benefits claims are checked

by two different reviewers. At the end of the meeting, delegates agreed that Kitagawa could recommend the Council note the report at EC-57 and also thanked him for his service as facilitator.

¶28. (U) BEIK SENDS.

FOSTER